

Wisconsin Women's Council

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The 2005 Feature Article Series celebrates and recognizes the role of women in transforming Wisconsin's social and economic climate and improving the status of women across the state.

The Wisconsin Angel Network

by Lorrie Keating Heinemann

Wisconsin needs a healthy economy if its citizens are to prosper and have good, family-supporting jobs, so it's only natural that women would want to play a vital role in stimulating that economy. We've seen that kind of leadership in Governor Doyle's "Grow Wisconsin" program, as state agencies pool their efforts to create high-wage, knowledge-based jobs. The latest entrant in that effort is the Wisconsin Angel Network (WAN), which I had the pleasure of announcing with the Governor at the beginning of this year.

The goal of the Wisconsin Angel Network is to fuel the growth of entrepreneurial ventures, turning research and ideas into viable, job-creating businesses. WAN will be housed at the independent, non-profit Wisconsin Technology Council and work closely with the Department of Commerce and the Department of Financial Institutions. WAN's mission is to build angel capital capacity throughout the state by increasing the number and amount of seed-stage equity investing in Wisconsin companies. WAN will be an umbrella organization that will provide logistical services and support to angel investing networks and seed funds, rather than a network of individual investors.

Angel investors are what their name implies – they provide necessary capital and management expertise at a critical stage in a company's formation. I like to think of their role as the "M & M" approach, that is, angels provide critical money and priceless mentoring.

According to a recent study released by Dr. Jeff Sohl, Director of the Center for Venture Research at the University of New Hampshire, angel investors invested about \$18.1 billion in 42,000 deals in 2003, almost all of it in seed or early-stage companies. Venture capital, as measured by the National Venture Capital Association, accounted for \$18.2 billion in investments, but only 2 percent of this venture money went into seed or early-stage companies. WAN's efforts will be aimed at filling this funding gap by removing organizational and geographic barriers for angel investors in Wisconsin.

How is all of this possible? Wisconsin Act 255, which became effective on July 1, 2004, now allows for tax credits for angel investments in companies who become certified by the Wisconsin Department of Commerce. As part of Act 255, the Wisconsin Entrepreneurial Network (WEN) was formed to help new businesses create solid business plans that will attract capital.

See www.wisconsinentrepreneur.com for more details.

WAN will provide professional guidelines for angels screening deals and for investors seeking diversified, strong portfolios that minimize risk. We will also be developing criteria for entrepreneurs seeking capital to ensure they understand what angel investors are looking for. WEN will be headed by Erica Kauten, a businesswoman with great experience and energy who is based out of UW-Extension's Small Business Development Center in Madison. I had a chance to meet with Erica about connecting the angels with the entrepreneurs and we are both enthusiastic about this collaborative opportunity.

WAN will provide organizational and administrative services, research facilitation, a centralized deal flow pipeline, and educational and networking programs for angel network members. It will also enhance deal flow by facilitating cooperation among angel networks and early-stage capital firms. The expected result is robust new business creation providing steady jobs and a strong state economy.

This is a really exciting idea and I am so pleased to see it put into action. Already, there are women who are key players in forming angel networks in Wisconsin – in Madison, in the Fox Valley and in Milwaukee. I strongly believe that women's access to the capital markets – at every level (from securing a loan to angel investing to venture capital) – will be greatly enhanced by having successful women at the table making investment decisions.

It is my dream to look out on a group of successful angel investors, seed fund managers, and venture capitalists, and have the room be a diverse group of talented people saying what a great place our state is to start a business. Let's keep on the move and continue to GROW Wisconsin!

About the Author

Lorrie Keating Heinemann, CCM, MBA, has served as the Secretary of the Department of Financial Institutions since her appointment by Governor Jim Doyle in 2003. She is responsible for coordinating the state regulation of the banking and securities industries, the licensing of financial service providers, maintaining corporate filings and administering the Wisconsin Consumer Act. She oversees 150 employees and a \$26 million agency budget. Prior to her tenure at DFI Secretary Heinemann enjoyed an 18 year career in the banking and securities industries. She has her Bachelor's Degree in Business Administration from the University of Wisconsin-Eau Claire, and her Masters of Business Administration (MBA) from UW-Oshkosh.

The Wisconsin Women's Council promotes initiatives that empower women,
serves as a clearinghouse for information on women's programs,
and promotes unique partnerships to address issues affecting wisconsin women.

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